Benefit Eligibility Options

Purpose: Determine which recommendations to bring forward to the full LTSS Trust Commission, whether any are preferred recommendations, and whether there are any timeframes to propose in the recommendation. For example, would the Commission want to recommend something be addressed in the upcoming legislative session or at a future date when data on fund status is available?

I. Near retirees: People nearing full retirement are unlikely to permanently vest. Those who retire before 2025 will have paid in for nearly three years without achieving even temporary vesting, while those who retire between 2025 and 2031 will have paid in 3-9 years without achieving permanent vesting.

Option #	Description	Potential cost to fund represented as a change from .66% at base plan	Bring forward (Y/N) (* indicates preferred)	Recommended timeframe to address, additional considerations
Coverage option # 1	Allow people to continue **contributing after retirement** by paying an annual premium equal to their average annual premium during their previous vesting years (adjusted for wage inflation) – **until they hit the ten-year mark**, at which point they become permanently vested and owe no further premiums. Pros • Addresses problem of near retirees being required to pay for something that they can't claim • Covers individuals who are often unable to get private insurance due to age, health status, or affordability • Covers a larger population of people who would otherwise rely on Medicaid LTSS, which could result in additional Medicaid savings • Predictable cost for retirees, could be done in a lump sum Cons • Introduces some adverse selection. Lower risk, higher income individuals are more likely to stop contributing. • Allows older generations to pay in less than future generations • Adds administrative complexity to vesting determinations	Ranges from +.03% to +.06% depending on the extent of adverse selection	Y	Administrative impact is high, no existing process or functionality to accept payment from individuals who are not employers or self-employed. With lead time for implementation, this option is possible.
~~Coverage option # 2~~	~~Allow people to continue **contributing after retirement** by paying an annual premium equal to their average annual premium during their previous vesting years (adjusted for wage inflation) – **until they need benefits** (for most, this would be longer than ten years of lifetime contributions).~~ ~~Pros~~ • ~~Addresses problem of near retirees being required to pay for something that they can't claim~~ • ~~Covers individuals who are often unable to get private insurance due to age, health status, or affordability.~~ • ~~Covers a larger population of people who would otherwise rely on Medicaid LTSS, which could result in additional Medicaid savings~~ ~~Cons~~ • ~~Paying throughout retirement on a fixed income may not be appealing and could end up being unaffordable for people as they use more of their retirement savings later in life. They could decide to stop paying and would then lose coverage.~~ • ~~Adds administrative complexity to vesting determinations~~	~~Not available~~	~~N~~	
~~Coverage Option #3~~	~~Allow **anyone born in 1966 or earlier, who has paid in at least one year, to be permanently vested** with access to a **pro-rated benefit** (0.1 X, where X is the number of vesting years, up to 10) (Note: this option is probably only necessary if Option 1 or Option 2 are not adopted, meaning that people have no option of contributing after retirement)~~ ~~Pros~~ • ~~Provides some coverage for people who are often unable to get private insurance due to age, health status, or affordability.~~ • ~~Covers a larger population of people who would otherwise rely on Medicaid LTSS, which could result in additional Medicaid savings~~ • ~~No cost for retirees, which is especially beneficial when living on a fixed income~~ ~~Cons~~ • ~~Allows older generations to pay in less than future generations~~ • ~~May be difficult to track pro-rated benefits for each individual with annual increases~~ • ~~Adds administrative complexity to vesting determinations~~	~~Not available~~	~~N~~	

Benefit Eligibility Options

I. Near retirees: People nearing full retirement are unlikely to permanently vest. Those who retire before 2025 will have paid in for nearly three years without achieving even temporary vesting, while those who retire between 2025 and 2031 will have paid in 3-9 years without achieving permanent vesting.

Option #	Description		Potential cost to fund represented as a change from .66% at base plan	Bring forward (Y/N) (* indicates preferred)	Recommended timeframe to address, additional considerations
~~Exemption option #1~~	~~Allow anyone born in 1966 or earlier to **opt out based on birth year** (without needing to have private LTCI).~~		~~Ranges from -.03% to +.01% depending on the extent of adverse selection~~	~~N~~	
	~~Pros~~ • ~~Addresses problem of near retirees being required to pay for something that they can't claim~~	~~Cons~~ • ~~Leaves people uncovered who are often unable to get private insurance due to age, health status, or affordability~~ • ~~Forgoes Medicaid savings if the individuals who opt out later need care provided by Medicaid~~ • ~~Increases scope of exemptions, which increases administrative costs~~			
~~Exemption option #2~~	~~**Refund premiums** for those who pay in less than three years~~		~~Not available~~	~~N~~	
	~~Pros~~ • ~~Addresses problem of near retirees being required to pay for something that they can't claim~~	~~Cons~~ • ~~If someone re-enters the workforce after retirement unexpectedly, they will contribute again unless they are also permanently exempt. This would increase the scope and administrative complexity of exemptions and/or refunds.~~ • ~~Adds administrative complexity and costs to allow refunds~~ • ~~Difficult to determine at what point someone is owed a refund, adding administrative complexity and cost~~ • ~~Sets precedent for refunding premiums~~			

II. Border-state residents commuting to work in WA: Under current statute, people who live in Idaho or Oregon but work for a Washington employer pay premiums, but cannot receive benefits unless they move to ("reside in") Washington when they have a long-term care need. This impacts approximately 150,000 people who will begin paying premiums in 2022 and will affect many more in the decades to come.

Option #	Description		Potential cost to fund represented as a change from .66% at base plan	Bring forward (Y/N) (* indicates preferred)	Recommended timeframe to address, additional considerations
~~Coverage option # 1~~	~~Remove benefit-eligibility exclusion for individuals residing in Idaho & Oregon only. This **opens eligibility** to people who have vested and **reside in Idaho & Oregon** when they need benefits.~~		~~+.07%~~	~~N~~	
	~~Pros~~ • ~~Provides coverage to people who pay in and vest. Allows people to move between border states when they need benefits and remain covered.~~	~~Cons~~ • ~~Adds administrative complexity to build out a provider network, requires cross-state coordination on qualifications and contracting~~			

Benefit Eligibility Options

II. Border-state residents commuting to work in WA: Under current statute, people who live in Idaho or Oregon but work for a Washington employer pay premiums, but cannot receive benefits unless they move to ("reside in") Washington when they have a long-term care need. This impacts approximately 150,000 people who will begin paying premiums in 2022 and will affect many more in the decades to come.

Option #	Description	Potential cost to fund represented as a change from .66% at base plan	Bring forward (Y/N) (* indicates preferred)	Recommended timeframe to address, additional considerations
~~Exemption option #1~~	~~Allow a **voluntary lifetime opt-out** on the basis of having a permanent **home address in another state** (without needing to have private LTCI).~~	~~Ranges from +.03% to +.06% depending on the extent of adverse selection.~~	~~N~~	
	~~Pros~~ • ~~Addresses problem of border state residents being required to pay for something that they can't claim~~ ~~Cons~~ • ~~Introduces adverse selection~~ • ~~Leaves people uncovered who are often unable to get private insurance due to age, health status, or affordability~~ • ~~Forgoes Medicaid savings if the individuals who opt out later need care provided by Medicaid~~ • ~~Increases scope of exemptions, which increases administrative costs~~			
Exemption option #2	**Automatically exclude** individuals from owing premiums **if their permanent home address is in another state**. This is not a lifetime exemption. If they were to move to WA in the future, they would be included.	+.03%	Y	Administrative impact is medium, rules about who pays in would vary from PFML.
	Pros • Addresses problem of border state residents being required to pay for something that they can't claim Cons • Adds administrative complexity for employers who have to identify employee address to determine whether or not to pay in • May add administrative complexity for ESD by introducing differences in administration of premiums for WA Cares Fund and PFML.			

III. People Who Leave the State: A significant share of the workforce leave the state either during their working years or after retirement. Some may have paid in less than 10 years and left before they could permanently vest, others will have vested and will be unable to claim benefits when they need LTC. Per the current statute, only people who reside in Washington when they need care can utilize WA Cares Fund benefits.

Option #	Description	Potential cost to fund represented as a change from .66% at base plan	Bring forward (Y/N) (* indicates preferred)	Recommended timeframe to address, additional considerations
~~Coverage option # 1~~	~~Allow **workers who leave the state** before reaching 10 years of vesting to **voluntarily continue paying premiums until retirement** based on self-reporting of earnings.~~	~~Not available~~	~~N~~	~~Administrative impact is high, no existing process or functionality to accept payment from individuals who are not employers or self-employed. With lead time for implementation,~~
	~~Pros~~ • ~~Addresses problem of people who leave the state and will not return for care having been required to pay for something that they can't claim~~ • ~~Increases program satisfaction for Washingtonians who anticipate leaving the state~~ ~~Cons~~ • ~~Introduces adverse selection. Those who are more likely to need care will opt to pay in.~~ • ~~May not result in Medicaid savings for WA because these individuals would not have qualified for Medicaid, which requires in state residency~~ • ~~Adds administrative complexity to allow opt-in based on moving out of the state and self-reported earnings~~ • ~~Difficult to determine accuracy of reporting and enforce with employees of other states~~ • ~~Requires a nation-wide network of providers, significantly increasing administrative complexity and cost for cross-state provider qualifications and contracting~~			

WA CARES FUND

Benefit Eligibility Options

III. People Who Leave the State: A significant share of the workforce leave the state either during their working years or after retirement. Some may have paid in less than 10 years and left before they could permanently vest, others will have vested and will be unable to claim benefits when they need LTC. Per the current statute, only people who reside in Washington when they need care can utilize WA Cares Fund benefits.

Option #	Description		Potential cost to fund represented as a change from .66% at base plan	Bring forward (Y/N) (* indicates preferred)	Recommended timeframe to address, additional considerations
					~~this option is possible.~~
~~Coverage option #2~~	~~Remove the WA residency requirement from the definition of eligible beneficiary and provide a full benefit (100% of the baseline pool of money) based on meeting the program's ADL criteria.~~ ~~**Offers fully portable benefits.**~~		~~+.36%~~	~~N~~	~~Administrative impact is high, need additional functionality and processes to contract with providers in all states.~~
	~~Pros~~ • ~~Addresses problem of people who leave the state and will not return for care having been required to pay for something that they can't claim~~ • ~~Increases program satisfaction for Washingtonians who anticipate leaving the state~~	~~Cons~~ • ~~May not result in Medicaid savings for WA because these individuals would not have qualified for Medicaid, which requires in state residency~~ • ~~Requires a nation-wide network of providers, significantly increasing administrative complexity and cost for cross-state provider qualifications and contracting~~			
~~Coverage option #3~~	~~Remove the WA residency requirement from the definition of eligible beneficiary and provide 50% of baseline pool of money based on meeting the program's ADL criteria.~~		~~+.18%~~	~~N~~	~~Administrative impact is high, need additional functionality and processes to contract with providers in all states.~~
	~~Pros~~ • ~~Addresses problem of people who leave the state and will not return for care having been required to pay for something that they can't claim~~ • ~~Increases program satisfaction for Washingtonians who anticipate leaving the state~~	~~Cons~~ • ~~May not result in Medicaid savings for WA because these individuals would not have qualified for Medicaid, which requires in state residency~~ • ~~Requires a nation-wide network of providers, significantly increasing administrative complexity and cost for cross-state provider qualifications and contracting~~			
~~NEW: Coverage option #4~~	~~Remove the residency requirement and change vesting criteria to allow anyone who has paid in at least one year, to be permanently vested with access to a pro-rated benefit (0.1 X, where X is the number of vesting years, up to 10)~~		~~Not available~~	~~N~~	~~Administrative impact is high, need additional functionality and processes to contract with providers in all states.~~
	~~Pros~~ • ~~Provides some coverage for people who leave the state or are unable to meet minimum contribution requirements~~	~~Cons~~ • ~~Decreases benefit adequacy and increases costs~~ • ~~May be difficult to track pro-rated benefits for each individual with annual increases~~ • ~~Adds administrative complexity to vesting determinations~~			
~~Exemption option #1~~	~~**Refund premiums** for those who leave the state (whether they are permanently vested or not)~~		~~Not available~~	~~N~~	~~Administrative impact is high, no existing process or functionality to process refunds from individuals who are not employers or self-employed. With~~
	~~Pros~~ • ~~Addresses problem of people who leave the state and will not return for care having been required to pay for something that they can't claim~~ • ~~Allows people to get their contributions back once they leave the state~~	~~Cons~~ • ~~If someone re-enters the workforce in the state unexpectedly, they will contribute again unless they are also permanently exempt. This would increase the complexity and cost of administering exemptions and/or refunds.~~ • ~~Adds administrative complexity and cost to allow refunds~~			

WA CARES FUND

Benefit Eligibility Options

III.	**People Who Leave the State:** A significant share of the workforce leave the state either during their working years or after retirement. Some may have paid in less than 10 years and left before they could permanently vest, others will have vested and will be unable to claim benefits when they need LTC. Per the current statute, only people who reside in Washington when they need care can utilize WA Cares Fund benefits.				
Option #	**Description**		**Potential cost to fund represented as a change from .66% at base plan**	**Bring forward (Y/N) (* indicates preferred)**	**Recommended timeframe to address, additional considerations**
		• ~~Difficult to determine at what point someone is owed a refund, adding administrative complexity and cost~~ • ~~Sets precedent for refunding premiums~~			~~lead time for implementation, this option is possible.~~

IV.	**Non-Immigrant Visa Holders:** Foreign workers who have to return to their respective countries when their work visas expire will also be required to pay in, but they cannot receive benefits because they cannot remain in Washington long-term.				
Option #	**Description**		**Potential cost to fund represented as a change from .66% at base plan**	**Bring forward (Y/N) (* indicates preferred)**	**Recommended timeframe to address, additional considerations**
Exemption option # 1	Allow a **voluntary opt-out** on the basis of having a non-immigrant visa (without needing to purchase private LTCI)		Not available	Y	Administrative impact is low, functionality to process exemptions is in place, more staff needed beyond December 31, 2022, when the current exemption timeframe expires.
	Pros • Addresses problem of people who leave the state and will not return for care having been required to pay for something that they can't claim	Cons • Introduces some adverse selection • Increases scope of exemptions, which increases administrative costs			
~~Exemption option #2~~	~~Automatically exclude individuals from coverage (premiums and benefits) if they hold a non-immigrant visa~~		~~Less than +.01%~~	~~N~~	~~Administrative impact is medium, rules about who pays in would vary from PFML.~~
	~~Pros~~ • ~~Addresses problem of people who leave the state and will not return for care having been required to pay for something that they can't claim~~	~~Cons~~ • ~~Adds administrative complexity for employers who have to identify employee immigration status to determine whether or not to pay in~~ • ~~May add administrative complexity for ESD by introducing differences in administration of premiums for WA Cares Fund and PFML.~~ • ~~Does not give people the option to participate who may be able to use coverage~~			